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Agenda item 5

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RESULTS-BASED BUDGET FOR 2018-2019

Note by the Secretary-General

SUMMARY

Executive summary: This document provides the Secretary-General's detailed proposals for the results-based budget for the 2018-2019 biennium, consistent with the approach taken for the budget outline presented to C 118 in document C 118/5 and the Council's comments thereon. The revised regular budget for the 2018-2019 biennium is now £69,570,000, £577,000 lower than that presented to C 118, with a corresponding reduction in the assessment for the coming biennium.

Strategic direction: 4

High-level action: 4.0.3

Output: 4.0.3.1

Action to be taken: Paragraph 36

Related documents: C 117/5(d); C 118/5 and C/ES.29/3/2

Introduction and outcome of the Council's consideration at its 118th session

1 At its 118th session in July 2017, the Council considered the Secretary-General's revised budget outline for the 2018-2019 biennium, as set out in document C 118/5. The Council endorsed and approved a number of components of the biennial budget, most notably: the budget for other funds¹; the staff complement for 2018-2019; the formula for distribution of the Trading Fund surplus; and the meeting weeks for 2018-2019. The Council also noted the regular budget proposal for 2018-2019, and the consequent assessment for Member States, and requested the Secretary-General to prepare the detailed budget on the same basis, taking into account external factors and the comments made by the Council.

¹ The Trading Fund, Headquarters Capital Fund, Termination Benefit Fund, Training and Development Fund and Technical Cooperation Fund.

- 2 This document provides the detailed budget for 2018-2019, and sets out:
- an overview of the actions taken by the Secretariat since the Council's meeting in July, particularly to:
 - update external factors and assumptions used in the preparation of the detailed results-based budget;
 - review and update the vacancy rate, and the related budgetary impact of updated recruitment plans for 2018-2019; and
 - provide an update on the regular budget savings position for 2016-2017 and consequently the availability of such funds for application during 2018-2019;
 - the integration of the results-based budget (RBB) with the Secretariat Business Plan (SBP) for 2018-2019 set out in document C/ES.29/3/2, outlining the process followed to develop the SBP, and the initial introduction of integrated capital investment planning;
 - the detailed results-based budget for 2018-2019, taking into account all of the factors above, and showing the resource allocation both to major Secretariat objectives and the Organization's new Strategic Directions;
 - a brief update on each of the long-term areas for development set out in paragraph 46 of C 118/5, and in particular the changes necessary to the Organization's Financial Regulations to take account of the revised Strategic Plan; and
 - a draft Assembly resolution for the Council's consideration and onward transmission to the Assembly.

Overview of budgetary actions taken

3 The Council will recall that the process and timeline for preparation and submission of the Organization's budget is set out in Financial Regulation 3.4 and 3.5, which require that:

"REGULATION 3.4 The Secretary-General shall submit, in the second year of the biennium, an outline of the budgetary implications of the projected High-level Action Plan² for the following biennium to the regular session of the Council prior to the regular session of the Assembly.

REGULATION 3.5 The Secretary-General shall transmit the proposed budget for the following biennium to all Member States, not later than one month prior to the opening of the regular session of the Assembly in accordance with the Rules of Procedure of the Assembly. The proposed budget shall be submitted to the Assembly by the Council, together with the comments and recommendations of the Council thereon, following its extraordinary session prior to the regular session of the Assembly."

² The Council will note that in the revised Strategic Plan for 2018-2023, there is no 'High-level Action Plan' as contained in previous Strategic Plans. This has been replaced by a 'List of Outputs' for the biennium contained within the Strategic Plan. Paragraphs 33 and 34 of this document set out proposed changes to the Organization's Financial Regulations arising as a result of the revised approach to strategic planning.

4 Following the submission of the budget outline for 2018-2019 to the 118th session of the Council in July 2017, the Secretary-General has further developed the proposed detailed budget for 2018-2019, taking guidance from the comments made by Member States and adjustments due to changing external factors. Most notably, the revisions seek to balance the need for a Secretariat which has the skills and resources necessary to deliver on its mandated programme of work, together with the financial challenges faced by many Member States in the current economic climate.

Review of the external factors and assumptions

5 The Council will recall that, as set out in paragraphs 24 to 27 of document C 118/5, external factors beyond the Organization's control have led to increased costs. Table 3 in C 118/5 sets out the key assumptions for the coming biennium, and the sensitivity of the budget to even relatively small variances in those assumptions. In preparing the results-based budget, and taking into account the present high levels of volatility with respect to inflation in the United Kingdom and the value of pound sterling (GBP) in the foreign exchange markets, the Secretary-General has conducted a full review of those assumptions.

6 Two key factors are the impact of both foreign exchange and inflation rates on the budget. Table 1 shows the latest data in that respect.

Table 1: Comparison of budgetary assumption indicators

| All values in % | Assumption | 2017 Actual | | | Assumption |
|---|------------|--------------|---------|-------------|--------------|
| | 2016-2017 | Latest Rate* | Average | Range | 2018-2019 |
| UK Average Weekly Earnings (AWE) changes ^{1/} | 2.00 | 2.80 | 2.07 | 1.40 - 2.80 | 2.00 |
| UK Average Retail Price Index (RPI) changes ^{2/} | 2.00 | 3.60 | 3.39 | 2.60 - 3.90 | 2.00 – 4.00% |
| USD/GBP exchange rate ^{3/} | 1.50 | 1.34 | 1.28 | 1.22 - 1.34 | 1.35 |

^{1/} 12-month percentage changes of total pay measured monthly for average weekly earnings per job in the UK.

^{2/} Annual inflation rates – 12-month percentage changes.

^{3/} United Nations operational exchange rates (1GBP expressed in USD).

* Latest rates: July for AWE, August for RPI and October for exchange rate

7 With respect to staff salary rates, the Council will recall that the salary scales and entitlements are set by the ICSC following a UN-wide methodology. One of the unknown factors at the time of the Council's last session was the outcome of the place-to-place survey conducted by the ICSC in late 2016 and which was at that time under review. It has now been confirmed that, consistent with the assumptions made in preparing the budget outline, the impact on staff costs for London-based staff will be zero.

8 Table 2 provides an updated summary of the key assumptions together with the associated sensitivities and mitigation measures – the only difference of substance from that presented in document C 118/5 is an increase in the assumed exchange rate between pounds sterling (GBP) and US dollars (USD), from 1.30 to 1.35, reflecting recent market trends. The impact of this change is to reduce the regular budget by £200,000 in 2018 and £205,000 in 2019.

Table 2: Key budgetary assumptions and sensitivities

| External factor | Assumed Rate / Measure | Sensitivity to change | Comments | Mitigations |
|---|------------------------|---|---|---|
| Staff costs Assumptions | | | | |
| Statutory increments and take-home pay rises for Professional staff and above | 2% | ±1% approximate annual impact £150,000 | Changes in the costs of Professional staff can arise through changes in the post adjustment, which assesses the cost of living at the duty station, or less frequent changes in the salary scale itself, all of which are determined centrally by the ICSC. This assumption incorporates any results of the periodic place-to-place survey. | The Special Contingency Account (SCA) established by the Assembly is designed to mitigate increases in salary costs which cannot otherwise be absorbed within the budget. |
| Statutory increments and take-home pay rises for General Service staff | 3.5% | ±1% approximate annual impact £55,000 | General Service salary scales are updated annually to reflect local indices, and are periodically reviewed using a salary survey, all determined centrally by the ICSC. | |
| Inflation for other benefits | 2% | ±1% approximate annual impact £47,500 | Other changes to "non-salary" benefits arising under ICSC rules. | |
| Foreign exchange rate | | | | |
| Exchange rate | \$1.35 | ±\$0.1 approximate annual impact £400,000 | The GBP:USD exchange rate impacts the cost of all USD-based expenditure from the regular budget, most notably the Organization's payments to the UN Joint Staff Pension Fund (UNJSPF) and Daily Subsistence Allowance for travel. | Variances from the budget rate will be absorbed by the Working Capital Fund. |
| Other cost category increases (including other personnel, interpretation and translator costs) | | | | |
| General inflation factors | 2 – 4% | Based on a range of different subcost categories including other personnel, interpretation, translator costs, building-related business rates, utilities, communication and IT-related costs, local transport, Maritime Knowledge Centre costs etc. | | No specific mitigation other than careful budget management. |

Review of the staffing complement and vacancy management

9 There are two aspects of the Secretariat's human resource management which directly impact on the budgetary resources required – the staffing complement, including the grading of that complement; and the anticipated level of vacancies and recruitment planning to fill those vacancies.

10 Looking first at the staff complement, the Council will recall that it endorsed the Organization's regular budget staff complement for the 2018-2019 biennium, remaining unchanged from that for the current biennium. Table 3 below summarizes the post distribution for the posts funded from the regular budget, along with those funded from the Trading Fund, Technical Cooperation Fund, and those funded from other sources – the Trading Fund and Technical Cooperation Fund-financed posts also remain the same as the levels approved for 2016-2017.

11 The Council will note that, for the regular budget, while the aggregate number of posts remains the same, there are three additional Professional and higher posts and three fewer General Service posts. The reclassification process is outlined in document C/ES.29/4(a), and the Council will note that a further reclassification exercise is being conducted in October 2017, the results of which will not be known until after the publication of this document. An estimation has been made of the impact of the reclassification exercise, and should the actual outcome differ materially from this estimate the Council will be informed accordingly and the budget adjusted.

Table 3: Staff complement for 2018 and 2019

| Posts | Posts financed by the Organization's Funds | | | Total (d=a+b+c) | Posts financed by Donor/Trust Funds or Member States* | Total operational posts for 2018-2019 (f=d+e) |
|-------------------------|--|---------------------|-----------------------------------|--------------------|---|--|
| | Regular budget (a) | Trading Fund (b) | Technical Cooperation Fund (c) | | | |
| Professional and higher | 148 | 10 | 5 | 163 | 16 | 179 |
| General Service | 117 | 18 | 0 | 135 | 8 | 143 |
| TOTAL | 265 | 28 | 5 | 298 | 24 | 322 |

12 In regards to the vacancy situation, the Council will recall that paragraphs 17 to 19 of document C 118/5 set out the reason behind vacancies in the Secretariat in recent biennia and the actions that have been and are being taken to fill those vacancies.

13 As noted in that document, recruitment efforts have focused on front line posts in the technical divisions, along with key posts in other divisions. Primarily as a result of higher than expected levels of internal recruitment, aggregate vacancy levels have not fallen as anticipated, and as a result it is now forecast that the Secretariat will open 2018 with a higher level of vacancies than had been assumed in developing the budget submitted to C 118. The vacancy situation and the recruitment plan to address it is considered in more detail in document C/ES.29/4(a).

14 In this instance, the vacancy rate has allowed for a reduction in budgeted staff costs of £650,000 for 2018. This is an exceptional reflection of the current high vacancy rates and is consistent with a realistic recruitment plan to bring vacancies levels to a more normal level for 2019 and beyond.

Review of the meeting weeks and budgetary implications

15 The Council will recall that it endorsed, in principle, the Secretary-General's proposal to maintain meeting weeks for 2018-2019 at the same levels as for 2016-2017, that is 32.8 meeting weeks for the biennium. The Council will recall that the Technical Cooperation Committee had requested, and the Council agreed, three full meeting days with interpretation in order to allow the Committee sufficient time to complete its agenda. Taking this into account, and following completion of the meeting planning process for the coming biennium, table 4 shows the proposed meeting weeks and interpretation sessions for 2018 and 2019. This results in a net decrease of one day for the biennium. The full meetings programme is attached as appendix 3 to annex 1.

Table 4: Number of meeting-weeks and interpretation sessions for the 2018-2019 biennium

| | Approved meeting weeks | | | Proposed meeting weeks | | | | Total Weeks | interpretation sessions |
|----------------------------|------------------------|-------------|-------------|------------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|
| | 2016 | 2017 | Total | 2018 | interpretation sessions | 2019 | interpretation sessions | | |
| Governing bodies | 2.0 | 3.2 | 5.2 | 2.0 | 16.0 | 3.2 | 39.0 | 5.2 | 55.0 |
| Committees | 7.2 | 4.2 | 11.4 | 6.6 | 64.0 | 4.6 | 44.0 | 11.2 | 108.0 |
| Sub-Committees | 7.0 | 7.0 | 14.0 | 7.0 | 56.0 | 7.0 | 56.0 | 14.0 | 112.0 |
| London Convention/Protocol | 1.0 | 1.0 | 2.0 | 1.0 | 8.0 | 1.0 | 8.0 | 2.0 | 16.0 |
| Total | 17.2 | 15.4 | 32.6 | 16.6 | 144.0 | 15.8 | 147.0 | 32.4 | 291.0 |

16 The one-day reduction in the meeting programme would reduce the regular budget by £14,000 – however, there is zero net effect as it is anticipated that there will be an increase in the rates used for outsourced translation to bring the rates more closely into line with the United Nations system.

Revised regular budget proposal for the 2018-2019 biennium

17 Following the steps outlined in paragraphs 5 to 16 above, the revised regular budget outline for 2018-2019 is shown in table 5.

Table 5: Regular Budget for 2018-2019

| Approved (£'000) | | Regular Budget | Proposed (£'000) | |
|------------------|---------------|---|------------------|---------------|
| 2016 | 2017 | | 2018 | 2019 |
| 24,362 | 24,930 | Staff costs | 25,944 | 27,137 |
| 1,607 | 1,568 | Other personnel | 1,800 | 1,787 |
| 590 | 597 | Mission travel | 597 | 609 |
| 5,089 | 5,179 | General operating expenditure | 4,890 | 4,986 |
| 970 | 880 | Replenishment of Funds (HQCF, TBF) | 910 | 910 |
| 32,618 | 33,154 | TOTAL | 34,141 | 35,429 |
| 0 | 536 | Year on year budget estimate changes | 987 | 1,288 |
| 0.0% | 1.6% | | 3.0% | 3.8% |
| | 65,772 | Biennial estimate Total | | 69,570 |
| | | Biennial estimate changes | | 3,798 |

18 Table 6 summarizes the key revisions to the budget and the corresponding budgetary impact of each. The impact of the vacancy levels in 2018 in particular, along with the adjustment of the exchange rate assumption of £1:\$1.35, more than offset the other external factors, resulting in an overall proposal 0.8% lower than that made to C 118.

Table 6: Impact of changes since C 118

| | 2018, £k | 2019, £k |
|---|---------------|---------------|
| C118 regular budget proposal | 34,705 | 35,442 |
| Vacancy rates – vacancies remain higher than expected, and a higher lapse factor for 2018 has exceptionally been used while this is addressed (<i>paragraphs 13-14</i>) | (650) | 0 |
| Foreign exchange – GBP has strengthened somewhat against USD, assumption now is \$1.35:£1 (<i>paragraph 8</i>) | (200) | (205) |
| Reclassification and cost update – a reclassification exercise will take place after issuance of this document, and the budgetary impact of this along with other baseline changes, has been estimated (<i>paragraph 11</i>) | 286 | 292 |
| Lower recruitment expected in 2019 – as the majority of recruitment is expected during 2018, the recruitment cost budget for 2019 has been reduced accordingly | 0 | (100) |
| Revised regular budget proposal | 34,141 | 35,429 |

Results-based planning and budgeting

19 The Organization has adopted the results-based budget (RBB) methodology as a component part of results-based management (RBM), which is a management approach that emphasizes the achievement of results in planning, implementation, feedback and reporting. The RBB process involves defining objectives and expected outputs results against which resource requirements are identified and linked to the achievement of outputs.

20 Further to the approval of the new Strategic Directions framework incorporating the outputs and performance measures, the Secretariat completed a business planning exercise to ensure the Secretariat's Business Plans, Outputs, and Objectives together with the resource requirements to deliver these align to the delivery of the new Strategic Directions. This structure enables the Organization to track and report the performance against the agreed plan at the same time as monitoring and managing the budget and resources utilized. The Secretariat Business Plan, along with more details on its development, is set out in document C/ES.29/3/2.

21 Taking the regular budget and the associated resource allocations along with the Business Plan allows the resource to be analysed in more detail. This is shown in the annexes to this document, in particular:

- **costs by Strategic Direction** (appendix 1 to annex 1) – the Organization's new Strategic Plan, for the years 2018-2023, sets out seven Strategic Directions which represent areas of particular focus for the Organization during that time frame. In doing so, it is explicitly recognized that not all work of the various organs of the Organization links to a Strategic Direction, and consequently in showing how the budgetary resources set out in this budget are applied to deliver the Strategic Plan, a proportion of the resources are also applied to 'Other Work', those aspects of the work of the committees and the Secretariat itself which do not directly contribute to a Strategic Direction but which are nevertheless a necessary part of the Organization's core function;
- **costs by objective** (appendix 1 to annex 1) – in developing the Secretariat's Business Plan, the key objectives for the Secretariat have been identified – this then allows the costs of each service to be considered. The core objectives, analogous to the split of resources by 'Category of Work' used in previous biennia, are covered in more detail in document C/ES.29/3/2, but may be summarized as:

- Fully-supported international meetings programme;
 - Implementation and capacity building;
 - Audit and evaluation of third parties;
 - Outreach;
 - Treaty work and knowledge management;
 - Strategic programme of improvement and enhancement; and
 - Administration, governance and management.
- **costs by Division** (appendix 2 to annex 1) – as many of the services provided by the Secretariat are cross-divisional, for example the provision of support for the Organization's meetings programme requires input from both the technical divisions and Conference Division, it is also helpful to consider how the costs appear at a divisional level.

22 This detailed analysis provides a view of how the resources of the regular budget will be applied in practice.

Other funds and overview of the proposed budget for 2018-2019

23 As noted in paragraph 1, the budget for the Organization's other funds was endorsed by the Council at its last session. Table 7 shows the overall budget for 2018-2019 across all Funds, including the revised regular budget as set out above.

24 The Organization's resource requirement to undertake the work anticipated for the 2018-19 biennium, other than that to be financed from various donor/trust funds, is now set to total £97.1 million. In year-on-year terms, the revised proposal represents a 3.3% increase for 2018 and a 2.4% increase for 2019.

Table 7: Budget outline for other Budgetary Funds

| Approved Budgets (£'000) | | | Estimated resource requirements (£'000) | |
|-----------------------------|---------------|--------------------------------------|---|---------------|
| 2016 | 2017 | | 2018 | 2019 |
| 32,618 | 33,154 | Regular budget | 34,141 | 35,429 |
| 5,983 | 6,067 | Trading Fund | 6,576 | 6,729 |
| 1,200 | 1,179 | Headquarters Capital Fund | 1,144 | 1,167 |
| 1,019 | 1,103 | Termination Benefit Fund | 859 | 859 |
| 115 | 117 | Training and Development Fund | 115 | 115 |
| 5,150 | 4,850 | Technical Cooperation Fund | 5,150 | 4,850 |
| 46,085 | 46,470 | Total Annual Expenditure | 47,985 | 49,149 |
| 0 | 385 | Year on year resource changes | 1,515 | 1,164 |
| 0.0% | 0.8% | | 3.3% | 2.4% |
| | 92,555 | Biennial Total | | 97,134 |
| | | Biennial resource changes | | 4,579 |

Regular budget – risks and mitigations

25 In any budget there are uncertainties and risks as not all costs are within the control of the Secretariat. External factors which have a direct or indirect impact on expenditure levels are set out in table 2, and for many such factors there are mitigation mechanisms available, through the Special Contingency Account for increases in the salary scale, and the use of the Working Capital Fund to offset exchange rate differences, for example.

26 Based on current plans, it is expected that the Secretariat will open 2018 with a high level of vacancies, and this introduces further uncertainties and risks which can then have a direct impact on actual costs. These may be summarized as:

- **Uncertainty about timing of recruitments** – while a recruitment plan is in place to address current vacancies, any single recruitment process is a complex exercise and the length taken can vary for a number of reasons, from the quality of candidates applying to the period of notice required by the selected candidate;
- **Uncertainty about personal situation of external recruits** – for staff in the Professional category and above in particular, the cost to the Organization of employing a particular staff member is in part dependent on their personal circumstances, as the existence and amount of payments for home leave, education grant and other entitlements remain dependent on the staff member's situation, and these cannot be known in advance of a recruitment process;
- **Uncertainty about level of internal recruitment** – the Organization has prioritized internal recruitment where practicable which can produce a 'chaining' effect where a vacancy can move from place to place as it is filled each time by an internal candidate, only finally being filled when an external candidate is selected; and
- **Classification exercise** – where the duties assigned to a particular post vary significantly over time, the post may be reviewed to determine whether its current grade remains consistent with the expectations placed on it. For 2017, the reclassification exercise is currently underway and will only conclude in late October 2017. Consequently the budget submission is based on some assumptions about the likely outcome of the reclassification exercise – should the results prove materially different the Secretary-General will advise the Council accordingly at the time of introducing the document.

27 The first three factors create uncertainty in any budgetary estimate – however, the impact is amplified by the high vacancy levels, something seen in recent biennia in the variances between actual expenditure and the budget.

28 The primary mitigation of these risks is careful planning of the recruitment programme – the budget proposal has been developed using a baseline set of reasonable assumptions about recruitment timing, the level of internal recruitment, and the standard cost of any new external employees. The actual recruitment patterns will be carefully monitored during the biennium against this baseline to ensure that recruitment is delivered efficiently and effectively, and that costs remain within expectations.

Funding the regular budget – the 2018-2019 assessment

29 For 2018-2019, based on the regular budget resource requirement set out above, the proposed assessment on Member States is £31.864 million for 2018 and £33.242 million for 2019, representing an annual increase of 5.8% and 4.3%, respectively, as shown in table 8.

Table 8: Outline assessment for the 2018-2019 biennium

| Budget (£'000) | | Regular Budget | Forecast (£'000) | |
|----------------|--------|---|------------------|--------|
| 2016 | 2017 | | 2018 | 2019 |
| 32,618 | 33,154 | RB Resource Requirement - (A) | 34,141 | 35,429 |
| | 536 | | 987 | 1,288 |
| | 1.6% | Year on year budget changes | 3.0% | 3.8% |
| | 65,772 | Biennial estimate total budget | | 69,570 |
| | | Biennial estimate changes | | 3,798 |
| 1,438 | 1,448 | Support costs from other funds | 1,524 | 1,536 |
| 150 | 150 | Other Miscellaneous income | 159 | 156 |
| 0 | 672 | Trading Fund surplus distribution* | 594 | 495 |
| 914 | 768 | Prior year saving allocation | 0 | 0 |
| 2,502 | 3,038 | TOTAL offsetting income (B) | 2,277 | 2,187 |
| 30,116 | 30,116 | Assessment (A - B) | 31,864 | 33,242 |
| | | | 1,748 | 1,378 |
| | | Year on year assessment changes | 5.8% | 4.3% |
| | 60,232 | Biennial estimate total assessment | | 65,106 |
| | | Biennial estimate changes to assessment | | 4,874 |

* Trading Fund surplus distribution includes the portion of funds previously distributed to WMU

30 The Council will recall that it decided that savings from the regular budget for 2016-2017, at that time estimated to be between £1 million to £1.5 million, should be applied to fund the Organization's After Service Health Insurance (ASHI) liability. After updating the forecast savings for 2017 in document C/ES.29/4(d), and after transfers for other purposes proposed in that document and previously agreed by the Council during C 118, a balance of £1,400,000 is available for interim ASHI funding, within the range originally expected.

31 The draft Assembly resolution attached in annex 1 therefore proposes a transfer of £1,400,000 from the General Fund to the Termination Benefit Fund to apply against the ASHI liability.

Long-term areas for improvement

32 Paragraph 46 of document C 118/5 set out four areas where the Secretary-General seeks to make long-term improvements in the Organization's financial management. While these are, in nature, long-term areas for improvement where work will continue over the coming biennium, progress made to date is set out below:

- **Review of the Organization's funding and financial governance structure** – in this area the primary focus is in preparing to streamline structures in time for the budget submission for the 2020-2021 biennium. In the short-term, it is necessary to make some revisions to the Financial Regulations to reflect changes in terminology made in the Organization's new Strategic Plan, and the proposed changes, along with the rationale, are set out paragraph 33 – these changes are also referenced in the corresponding draft Assembly resolution in annex 2 to allow the revision to take effect from 1 January 2018;

- **Resource mobilization planning** – the Secretariat is currently developing a resource mobilization strategy to address the issues set out in document C 118/5. In the short-term, the process for review and approval of new donor agreements has been revised to further enhance the Organization's financial controls and risk management;
- **Long-term liability management plan** – work in this area is ongoing, with the Secretariat reviewing the Organization's medical care plan both for current staff and retirees. A further update will be provided to the Council's 120th session next year; and
- **Capital investment planning** – capital plans have been developed for 2018-2019 in all key areas including building management, IT and IS, and SAP. The capital plans set out timelines, risks and benefits, and indicate how individual investments are integrated with the relevant strategies in those areas. These will in turn form the basis for procurement planning and in-year management of delivery. This is a first step in this area, and a similar approach will form the basis of a more robust capital planning process for the 2020-2021 biennium.

33 With respect to the Organization's Financial Regulations, the Council will note that the current Financial Regulations contain references to two terms which are no longer used in the new strategic planning documentation – 'strategic results', which have been superseded by Strategic Directions and 'Other Work', and the High-level Action Plan, which will no longer exist in its current form, the Organization's biennial outputs being attached as a 'List of Outputs' within the Strategic Plan itself. The concepts behind these two terms remain, and consequently the change is primarily one of terminology. The relevant Financial Regulations are set out in table 9, along with the proposed new text highlighting the areas of change. The clean text of the revised Financial Regulations, along with the draft Assembly resolution, is attached as annex 2.

34 The Secretary-General will make appropriate changes to the Organization's Financial Rules where appropriate to maintain consistency, and will inform the Council accordingly.

Table 9: Proposed revisions to the Organization's Financial Regulations

| Financial Regulation | Existing text | Proposed text |
|-----------------------------|---|---|
| 3.4 | The Secretary-General shall submit, in the second year of the biennium, an outline of the budgetary implications of the projected High-level Action Plan for the following biennium to the regular session of the Council prior to the regular session of the Assembly. | The Secretary-General shall submit, in the second year of the biennium, an outline of the budgetary implications of the projected " <u>List of outputs</u> ", to be <u>annexed to the Strategic Plan for the following biennium</u> , to the regular session of the Council prior to the regular session of the Assembly. |
| 3.6 | The Assembly shall, in the second year of a biennium, adopt the budget for the ensuing biennium, and vote the budget appropriations by strategic results and in total for the financial period to which they relate. | The Assembly shall, in the second year of a biennium, adopt the budget for the ensuing biennium, and vote the budget appropriations by <u>Strategic Direction (including "Other work")</u> and in total for the financial period to which they relate. |

| Financial Regulation | Existing text | Proposed text |
|----------------------|--|--|
| 4.5 | The Secretary-General may make transfers from one strategic result to another provided that the transfer made is not more than 10% of the lower of the two approved appropriations. Transfers of more than 10% of the approved appropriation must have prior authorization of the Council. The Secretary-General may proceed, without prior concurrence of the Council, to transfer up to 50% of any uncommitted balance of appropriations of the first financial period of a biennium to the same strategic result in the second financial period. Transfers above 50% of uncommitted balance of appropriations shall be effected with the prior approval of the Council. | The Secretary-General may make transfers between <u>Strategic Directions (including 'Other work')</u> provided that the transfer made is not more than 10% of the lower of the two approved appropriations. Transfers of more than 10% of the approved appropriation must have prior authorization of the Council. The Secretary-General may proceed, without prior concurrence of the Council, to transfer up to 50% of any uncommitted balance of appropriations of the first financial period of a biennium to the same <u>Strategic Direction</u> in the second financial period. Transfers above 50% of uncommitted balance of appropriations shall be effected with the prior approval of the Council. |

35 The Secretary-General will continue to keep the Council informed on progress made in the areas outlined in paragraph 32 in future sessions.

Action requested of the Council

36 The Council is invited to consider the Secretary-General's detailed results-based budget proposals presented in this document and:

- .1 approve the updated results-based regular budget proposal by Strategic Direction and "Other work" for the 2018-2019 biennium of £69,570,000, comprising an appropriation of £34,141,000 for 2018 and an appropriation of £35,429,000 for 2019, as summarized in appendix 1 of annex 1 (draft Assembly resolution), while noting the updated tables associated with the results-based budget as shown in appendices 1 and 2 of annex 1;
- .2 endorse the amended staff complement proposal for the 2018-2019 biennium, reflecting changes in the indicative posts expected under various donor/trust funds, as listed in table 3;
- .3 agree to the adjusted total number of meeting-weeks of 32.4, comprising 16.6 weeks for 2018 and 15.8 weeks for 2019, as shown in table 4;
- .4 approve the draft Assembly resolution on the results-based budget for the 2018-2019 Biennium contained in annex 1 and, in accordance with Article 54 of the IMO Convention, submit it to the Assembly, at its thirtieth regular session, with its comments and recommendation for its adoption; and
- .5 approve the draft Assembly resolution on amendments to the Organization's Financial Regulations contained in annex 2 and submit it to the Assembly, at its thirtieth regular session, with its recommendation for its adoption.

ANNEX 1

DRAFT ASSEMBLY RESOLUTION

RESULTS-BASED BUDGET FOR THE 2018-2019 BIENNIUM

A. THE REGULAR BUDGET

THE ASSEMBLY,

RECALLING Article 15 of the Convention on the International Maritime Organization, in particular paragraphs (f) and (g) thereof concerning the functions of the Assembly in relation to the Organization's work programme, budget and financial arrangements,

RECALLING FURTHER resolution A.726(17) of 7 November 1991, by which it approved a revised assessment formula for apportioning the contributions of Member States to the Organization's budget; and adopted amendments to the Rules of Procedure of the Assembly concerning enforcement of the payment of contributions,

RECALLING ALSO resolution A.xxxx(30) of xxxx 2017, by which it approved the Strategic Plan for the Organization for the six-year period 2018 to 2023 containing the 'List of Outputs' for the 2018-2019 biennium,

NOTING resolution A.1042(27) of 30 November 2011, by which it approved the Organization's revised Financial Regulations which provide for links to be made between the resources required and the results derived from the Organization's Strategic Plan in the preparation of the budget estimates,

NOTING ALSO the provision in regulation 5.1 of the Financial Regulations concerning the use of the Working Capital Fund to finance approved appropriations pending receipt of contributions,

RECOGNIZING ALSO that the funds in the Working Capital Fund could be insufficient to finance the approved appropriations when exceptional and unforeseen circumstances take place pending receipt of contributions,

RECOGNIZING FURTHER the provision in regulation 3.8 of the Financial Regulations concerning supplementary estimates and the past practice of the Assembly in authorizing the Council to approve any necessary recalculation of the appropriations for the second year of the biennium,

1 APPROVES the Organization's results-based budget voted for the 2018-2019 biennium, as shown in appendix 1 and subject to paragraph A.5 of this resolution, of £69,570,000, comprising an appropriation of £34,141,000 for 2018 and an appropriation of £35,429,000 for 2019;

2 DECIDES that the appropriation voted above shall be financed by contributions from Member States, subject to paragraph A.5 of this resolution, of £65,102,000, comprising £31,862,000 for 2018 and £33,240,000 for 2019, after deduction of prospective income comprising:

- (a) reimbursements from the Trading Fund for the costs borne by the regular budget in respect of administrative backstopping support, estimated at £757,000 for 2018 and £774,000 for 2019;

- (b) income towards programme support costs from donor/trust funds (including multi-donor trust funds) and the Technical Cooperation Fund, estimated at £767,000 for 2018 and £762,000 for 2019;
- (c) distributions from the in-year surplus of the Trading Fund, estimated at £1,089,000 for two years, which is to be used for the reduction of Member States' contributions of £594,000 in 2018 and £495,000 in 2019; and
- (d) miscellaneous income estimated at £159,000 for 2018 and £156,000 for 2019;

3 APPROVES a total of 32.4 meeting weeks for the biennium, comprising 16.6 weeks for 2018 and 15.8 weeks for 2019, as shown in appendix 3, and a total of 265 regular budget posts for the biennium, as shown in appendix 4;

4 AUTHORIZES the Secretary-General to draw upon funds in the Trading Fund, the Headquarters Capital Fund, the Termination Benefit Fund and the Technical Cooperation Fund to finance the approved appropriations. Advances made from these Funds to finance budgetary appropriations during a financial period shall be reported to the Council immediately and reimbursed to each respective Fund as soon as, and to the extent that, income is available for that purpose;

5 AUTHORIZES the Council, at its relevant sessions, to review the approved results-based budget and, if it decides it is necessary, to approve any transfers between strategic results, including appropriate recalculation of the budget estimates and assessment figures, in the light of the budgetary and exchange rate situation prevailing at that time;

6 INVITES the attention of the Council to the above-mentioned provisions;

7 REQUESTS the Secretary-General to ensure their application while endeavouring to effect the maximum economies in the budget;

8 REQUESTS the Council, should there be any appreciable changes in annual contribution receipts, to undertake a review of the Organization's financial framework and report its outcome to the Assembly.

B. WORKING CAPITAL FUND

THE ASSEMBLY,

RECALLING resolution A.363(IX) of 14 November 1975, by which the Working Capital Fund was established in the amount of US \$250,000 on 1 January 1976 by means of advances assessed on Member States,

RECALLING FURTHER resolutions A.508(XII), A.552(13), A.633(15), and A.837(19), by which the level of the Working Capital Fund was increased through transfers from other Funds,

RECALLING ALSO resolution A.633(15), by which the Exchange Reserve Fund, the balance of which was standing at US \$2,000,000, was merged into the Working Capital Fund on 1 January 1988,

NOTING FURTHER resolution A.1039(27) of 30 November 2011, by which the Working Capital Fund has also been used as an exchange reserve fund since 1 January 2012,

NOTING ALSO the provision in regulation 6.2 of the Financial Regulations that the purposes of the Working Capital Fund may be determined from time to time by the Assembly,

1 DECIDES that new Members shall be assessed for their advances to the Working Capital Fund on the basis only of the part assessed on Members on 1 January 1976;

2 AUTHORIZES the Secretary-General:

- (a) to advance from the Working Capital Fund such sums as may be necessary to finance the appropriations for the years 2018 and 2019 pending receipt of contributions from Members – amounts so advanced shall be reimbursed to the Working Capital Fund as soon as contributions are available;
- (b) to account, under the Working Capital Fund, for the currency gains or losses in the regular budget arising from differences between the United Nations operational exchange rate during 2018 and 2019 and the rate of \$1.35 against the pound sterling adopted for calculation of the appropriation; and
- (c) with the prior agreement of the Council, to advance such sums as may be necessary to meet unforeseen or extraordinary expenses arising during the 2018-2019 biennium, provided that such expenses are of a clearly exceptional nature and relate specifically to the Strategic Plan of the Organization and that the Council is assured that the relevant expenditure cannot be met by appropriate transfer action within the total budget approved for a calendar year;

3 REQUESTS the Secretary-General:

- (a) to report to the Council and the Assembly all advances made under the present resolution, and the relevant circumstances, and to submit supplementary estimates for reimbursement to the Working Capital Fund of advances made from the Fund to meet unforeseen or extraordinary expenses; and
- (b) to periodically report to the Council on the status of the Working Capital Fund reserves, including the gains or losses resulting from exchange rate movement accounting.

C. TRADING FUND

THE ASSEMBLY,

RECALLING its adoption of resolution A.1014(26), by which it decided to establish the Trading Fund, with effect from 1 January 2010, by reconstituting the then Printing Fund with wider terms of reference, in accordance with regulation 6.7 of the Organization's Financial Regulations, which provides that the Secretary-General or the Assembly may establish such trust, reserve and special funds, as may be required from time to time in order to deliver results in pursuance of the Organization's Strategic Plan,

RECOGNIZING the need to ensure that the Technical Cooperation Fund continues to be replenished in such a manner as to ensure the proper delivery of the Organization's Integrated Technical Cooperation Programme;

1 APPROVES the Trading Fund budget voted for the 2018-2019 biennium, as shown in table 1 of appendix 5, of £13,305,000, comprising an appropriation of £6,576,000 for 2018 and an appropriation of £6,729,000 for 2019;

2 APPROVES a total of 28 Trading Fund posts for the biennium, as shown in appendix 4;

3 APPROVES the revision to a provision in the terms of reference of the Trading Fund so that, at the beginning of each year, the Secretary-General shall transfer, unless otherwise directed by the Assembly, not less than 76% of the net annual cash surplus of the previous financial year in the Fund to the Technical Cooperation Fund; 12.5% to the Headquarters Capital Fund; 9% to the General Fund to reduce the assessment on Member States; 1.5 % to the Training and Development Fund; and 1% to the Termination Benefit Fund;

4 REQUESTS the Secretary-General to keep under review the terms of reference for the operation of the Trading Fund; and to report to the Council as and when necessary.

D. HEADQUARTERS CAPITAL FUND

THE ASSEMBLY,

RECALLING resolution A.778(18) of 4 November 1993, through which the Assembly decided to establish the Headquarters Capital Fund by transferring the balance held in the Headquarters Installation Fund and by transfers from the Printing Fund of £500,000 in 1994 and £250,000 in 1995,

RECALLING ALSO that the Headquarters Capital Fund was established, with effect from 1 January 1994, with the primary purpose of meeting the capital expenditure necessary for the efficient operation of the Organization and for fulfilling the Organization's liabilities under the terms of the lease for the Headquarters building agreed between the Organization and the United Kingdom Government, and with the scope to include:

- (a) expenditure on repairs to, or replacement of, apparatus and machinery for the Headquarters building (other than regular, planned maintenance costs);
- (b) purchase and installation of office automation equipment, office furniture and equipment, telecommunications equipment and document production machinery;
- (c) official vehicles;
- (d) other items of capital equipment which relate to the primary purpose of the Fund; and
- (e) expenditure on the design, installation and implementation of office automation systems, including related training needs,

RECALLING FURTHER that the Fund has enabled the planning for, and implementation of, major capital programmes since 1994, notably in respect of office automation and communications necessary for improving the Organization's efficiency and effectiveness,

NOTING ALSO that the Fund will be replenished from time to time by such transfers from other Funds of the Organization as may be approved by the Assembly or by the transfer of such funds from the regular budget as may be approved by the Assembly,

1 APPROVES the Headquarters Capital Fund expenditure voted for the 2018-2019 biennium, as shown in table 2 of appendix 5, of £2,311,000, comprising an appropriation of £1,144,000 for 2018 and an appropriation of £1,167,000 for 2019;

2 DECIDES that the income arising from investments of the Headquarters Capital Fund shall continue to be credited to the Headquarters Capital Fund.

E. TERMINATION BENEFIT FUND

THE ASSEMBLY,

RECALLING resolution A.837(19) of 23 November 1995, by which the Assembly decided to establish the Termination Benefit Fund with an initial transfer of £900,000 from the cash surplus of the General Fund on 1 January 1996, in order to meet the costs associated with payment of termination benefit and repatriation grants to the staff of the Organization,

RECALLING ALSO resolution A.906(22) of 29 November 2001, which widened the scope of the Fund to allow the financing of the additional costs of temporary assistance required to replace staff on long-term sick leave,

RECALLING FURTHER resolution A.991(25) of 29 November 2007, by which the Assembly further widened the scope of the Fund to include the financing and accounting of the post-employment liabilities of staff under the regular budget, in preparation for United Nations system-wide implementation of IPSAS,

HAVING REGARD to the fact that the Council, at its 110th session, endorsed an "all of IMO segments" approach to the measurement of funding gaps in the IPSAS post-employment liabilities, so as to cover all staff members at the corporate level;

NOTING resolution A.1063(28) of 4 December 2013, by which it decided that, from 1 January 2014, the post-employment liabilities of all IMO staff, regardless of funding source, are accounted for under the Termination Benefit Fund and that a charge of 7% is levied on the cost (base salary) of all project staff members recruited under the Technical Cooperation Fund or any donor/trust Funds, so as to build up funds for the corresponding post-employment liabilities under the Termination Benefit Fund;

NOTING ALSO that the Fund will be replenished from time to time by such transfers from other Funds of the Organization as may be approved by the Assembly or by the transfer of such funds from the regular budget as may be approved by the Assembly,

1 APPROVES the Termination Benefit Fund budget voted for the 2018-2019 biennium, as shown in table 3 of appendix 5, of £1,718,000, comprising an appropriation of £859,000 for each year of the biennium;

2 APPROVES the transfer, on 1 January 2018, of £1,400,000 from the cash surplus of the General Fund to the Termination Benefit Fund to further develop a solid funding base which matches the movement of the Organization's post-employment liabilities;

3 DECIDES that the income arising from investments of the Termination Benefit Fund shall be credited to the Termination Benefit Fund.

F. TRAINING AND DEVELOPMENT FUND

THE ASSEMBLY,

RECALLING resolution A.906(22) of 29 November 2001, by which the Assembly decided to establish the Training and Development Fund with an initial transfer of £200,000 from the surplus of the Printing Fund on 1 January 2002, in order to finance organizational strengthening initiatives,

NOTING the need to ensure that the knowledge and skills of new and existing staff are maintained up to date,

NOTING ALSO that the Fund will be replenished from time to time by such transfers from other Funds of the Organization as may be approved by the Assembly or by the transfer of such funds from the regular budget as may be approved by the Assembly,

1 APPROVES the Training and Development Fund budget voted for the 2018-2019 biennium, as shown in table 4 of appendix 5, of £230,000, comprising an appropriation of £115,000 for each year of the biennium;

2 DECIDES that the income arising from investments of the Training and Development Fund shall be credited to the Training and Development Fund.

G. TECHNICAL COOPERATION FUND

THE ASSEMBLY,

RECALLING resolution A.593(14) of 20 November 1985, by which the Technical Cooperation Fund was established, and which resolved that the interest should be used to assist the Technical Cooperation Programme of the Organization in accordance with proposals approved by the Assembly,

RECALLING ALSO resolution A.837(19) of 23 November 1995, by which the funds from the Technical Cooperation Fund are drawn down and converted into pounds sterling for the application of technical cooperation activities, and which enables the level of the funds to be increased through donor contributions and by such transfers from other funds of the Organization as may be approved by the Assembly,

NOTING that the Secretariat reports biennially to the Technical Cooperation Committee and the Council on progress made in the delivery of the Integrated Technical Cooperation Programme components that are being supported with the Fund's resources,

NOTING the decision in section C above in respect of the percentage of the Trading Fund surplus allocated to the Technical Cooperation Fund,

1 APPROVES the Technical Cooperation Fund budget voted for the 2018-2019 biennium, as shown in table 5 of appendix 4, of £10,000,000 (equivalent to the planned figure in US\$13,500,000), comprising an appropriation of £5,150,000 for 2018 and an appropriation of £4,850,000 for 2019;

2 DECIDES that the income arising from investments of the Technical Cooperation Fund shall be credited to the Technical Cooperation Fund;

3 REQUESTS the Secretary-General to submit programmes of technical cooperation activities, indicating outputs and end results arising from the use of the Fund's resources, to the Technical Cooperation Committee during the 2018-2019 biennium.

APPENDIX 1**Summary of proposed budgets for the 2018-2019 biennium by Strategic Direction**

| | 2018 | 2019 | Total (£'000) |
|--|---------------|---------------|------------------|
| SD1 Improve implementation | 7,038 | 7,209 | 14,247 |
| SD2 Integrate new and advancing technologies in the regulatory framework | 2,118 | 2,085 | 4,203 |
| SD3 Respond to climate change | 1,926 | 1,886 | 3,812 |
| SD4 Engage in ocean governance | 2,088 | 2,054 | 4,142 |
| SD5 Enhance global facilitation and security of international trade | 3,220 | 3,234 | 6,454 |
| SD6 Ensure regulatory effectiveness | 4,461 | 4,547 | 9,008 |
| SD7 Ensure organizational effectiveness | 13,687 | 14,126 | 27,813 |
| - Other Work | 803 | 838 | 1,641 |
| Staff Turnover | (1,200) | (550) | (1,750) |
| Total | 34,141 | 35,429 | 69,570 |

Summary of proposed budgets for the 2018-2019 biennium by Objective

| | 2018 | 2019 | Total (£'000) |
|--|---------------|---------------|------------------|
| Fully-supported international meetings programme | 10,410 | 10,095 | 20,505 |
| Implementation and capacity building | 7,891 | 8,191 | 16,082 |
| Audit and evaluation of third parties | 1,869 | 1,959 | 3,828 |
| Outreach | 3,309 | 3,433 | 6,742 |
| Treaty work and knowledge management | 1,766 | 1,831 | 3,597 |
| Strategic programme of improvement and enhancement | 733 | 760 | 1,493 |
| Administration, governance and management | 9,363 | 9,710 | 19,073 |
| Staff Turnover | (1,200) | (550) | (1,750) |
| Total | 34,141 | 35,429 | 69,570 |

APPENDIX 2 – Budgeted Expenditure by Division

| Division | 2016 | | | | 2017 | | | | 2016-2017 Total |
|---|-------------------|-----------------------|----------------|----------------------------|-------------------|-----------------------|----------------|----------------------------|--------------------|
| | Staff costs | Other Personnel Costs | Mission travel | General Operating Expenses | Staff costs | Other personnel costs | Mission travel | General Operating Expenses | |
| Office of the Secretary-General | 1,138,600 | 62,700 | 75,000 | | 1,176,200 | 92,900 | 75,000 | | 2,620,400 |
| Member State Audit & Implementation Support | 1,557,700 | 11,000 | 300,000 | | 1,611,500 | 11,000 | 300,000 | | 3,791,200 |
| Maritime Safety Division | 3,574,700 | 34,200 | 62,500 | | 3,691,800 | 34,200 | 64,000 | | 7,461,400 |
| Marine Environment Division | 2,504,600 | 148,100 | 56,700 | | 2,588,100 | 138,100 | 58,100 | | 5,493,700 |
| Legal Division | 2,124,100 | 94,800 | 20,000 | | 2,197,700 | 94,800 | 21,000 | | 4,552,400 |
| Technical Cooperation Division | 2,370,700 | 18,700 | 30,000 | | 2,445,600 | 18,700 | 30,500 | | 4,914,200 |
| Administrative Division | 4,665,900 | 199,000 | 35,000 | | 4,819,000 | 173,700 | 37,800 | | 9,930,400 |
| Conference Division | 6,725,800 | 1,038,100 | 10,400 | | 6,949,700 | 1,005,000 | 11,000 | | 15,740,000 |
| Staff turnover | (300,000) | | | | (550,000) | | | | (850,000) |
| Other Cross Divisional Expenditure | | | | 6,059,700 | | | | 6,058,600 | 12,118,300 |
| TOTAL | 24,362,100 | 1,606,600 | 589,600 | 6,059,700 | 24,929,600 | 1,568,400 | 597,400 | 6,058,600 | 65,772,000 |

| Division | 2018 | | | | 2019 | | | | 2018-2019 Total |
|---|-------------------|-----------------------|----------------|----------------------------|-------------------|-----------------------|----------------|----------------------------|--------------------|
| | Staff costs | Other Personnel Costs | Mission travel | General Operating Expenses | Staff costs | Other personnel costs | Mission travel | General Operating Expenses | |
| Office of the Secretary-General | 1,645,900 | 96,200 | 75,000 | | 1,673,500 | 99,500 | 76,500 | | 3,666,600 |
| Member State Audit & Implementation Support | 1,581,940 | 11,400 | 300,000 | | 1,617,800 | 11,800 | 306,000 | | 3,828,940 |
| Maritime Safety Division | 3,780,348 | 35,400 | 64,000 | | 3,876,900 | 36,600 | 65,300 | | 7,858,548 |
| Marine Environment Division | 2,728,489 | 189,800 | 58,100 | | 2,776,500 | 194,800 | 59,300 | | 6,006,989 |
| Legal Division | 2,407,613 | 153,100 | 21,000 | | 2,450,400 | 156,600 | 21,400 | | 5,210,113 |
| Technical Cooperation Division | 2,406,693 | 19,400 | 30,500 | | 2,484,400 | 20,000 | 31,100 | | 4,992,093 |
| Administrative Division | 5,235,530 | 179,900 | 37,400 | | 5,378,100 | 185,600 | 38,200 | | 11,054,730 |
| Conference Division | 7,023,087 | 144,700 | 11,000 | | 7,189,400 | 149,800 | 11,200 | | 14,529,187 |
| Other Cross Divisional Expenditure ¹ | 334,400 | 970,100 | | 5,800,000 | 240,000 | 932,300 | | 5,896,000 | 14,172,800 |
| Staff turnover | (1,200,000) | | | | (550,000) | | | | (1,750,000) |
| TOTAL | 25,944,000 | 1,800,000 | 597,000 | 5,800,000 | 27,137,000 | 1,787,000 | 609,000 | 5,896,000 | 69,570,000 |

¹ Other Cross Divisional expenditure includes: staff costs which cannot be assigned to a Division at this stage, such as the recruitment and assignment-related expenditure for internationally recruited staff (these costs were classified as General Operating Expenditure in previous biennia); Other Personnel costs which relate to the direct costs of meetings, including translation and interpretation; and General Operating Expenses, which itself includes Funds replenishment of £910,000 for 2018 and £910,900 for 2019 (for comparison, the Funds replenishment figures were £970,000 and £879,900 for 2016 and 2017 respectively).

APPENDIX 3

List of meeting-weeks required for 2018 and 2019

| | Session No. | Proposed meeting weeks | | |
|--|----------------|---------------------------|-------------|-------------|
| | | 2018 | 2019 | Total |
| GOVERNING BODIES | | | | |
| ASSEMBLY | 31 | - | 1.6 | 1.6 |
| COUNCIL (regular sessions) | 119, 120, 121 | 2.0 | 1.2 | 3.2 |
| COUNCIL (extraordinary session) | 30 | - | 0.4 | 0.4 |
| Sub-total | | 2.0 | 3.2 | 5.2 |
| COMMITTEES | | | | |
| Maritime Safety | 99, 100 & 101 | 2.6 | 1.6 | 4.2 |
| Marine Environment Protection | 72, 73 & 74 | 2.0 | 1.0 | 3.0 |
| Legal | 105 & 106 | 0.6 | 0.6 | 1.2 |
| Technical Cooperation | 68 & 69 | 0.6 | 0.6 | 1.2 |
| Facilitation | 42 & 43 | 0.8 | 0.8 | 1.6 |
| Sub-total | | 6.6 | 4.6 | 11.2 |
| SUB-COMMITTEES | | | | |
| Ship Design and Construction (SDC) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Pollution Prevention and Response (PPR) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Human Element, Training and Watchkeeping (HTW) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Ship Systems and Equipment (SSE) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Navigation, Communication and Search and Rescue (NCSR) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Carriage of Cargoes and Containers (CCC) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Implementation of IMO Instruments (III) | 5 & 6 | 1.0 | 1.0 | 2.0 |
| Sub-total | | 7.0 | 7.0 | 14.0 |
| LONDON CONVENTION/PROTOCOL | 40/13 & 41/14 | 1.0 | 1.0 | 2.0 |
| Total | | 16.6 | 15.8 | 32.4 |

APPENDIX 4

Staff complement for 2018 and 2019

| | | Posts financed by the Organization's | | | Total (d=a+b+c) | Posts financed by Donor/Trust Funds or Member States* (e) | Total operational posts for 2018-2019 (f=d+e) |
|--|--------------------------------|--------------------------------------|------------------------|---|--------------------|---|---|
| | | Regular budget (a) | Trading Fund (b) | Technical Cooperation Fund (c) | | | |
| Posts | | (a) | (b) | (c) | (d=a+b+c) | (e) | (f=d+e) |
| Office of the Secretary-General | Professional and higher | 10 | 0 | 0 | 10 | 0 | 10 |
| | General Service | 4 | 0 | 0 | 4 | | 4 |
| | Sub-Total | 14 | 0 | 0 | 14 | 0 | 14 |
| Member State Audit & Implementation Support | Professional and higher | 9 | | | 9 | 1 ^{1/} | 10 |
| | General Service | 5 | | | 5 | | 5 |
| | Sub-Total | 14 | 0 | 0 | 14 | 1 | 15 |
| Maritime Safety Division | Professional and higher | 20 | 0 | 0 | 20 | 6 ^{2/} | 26 |
| | General Service | 13 | 0 | 0 | 13 | 1 ^{3/} | 14 |
| | Sub-Total | 33 | 0 | 0 | 33 | 7 | 40 |
| Marine Environment Division | Professional and higher | 16 | 0 | 0 | 16 | 9 ^{4/} | 25 |
| | General Service | 10 | 0 | 0 | 10 | 7 ^{5/} | 17 |
| | Sub-Total | 26 | 0 | 0 | 26 | 16 | 42 |
| Legal Affairs and External Relations Division | Professional and higher | 14 | 0 | 0 | 14 | 0 | 14 |
| | General Service | 9 | 0 | 0 | 9 | 0 | 9 |
| | Sub-Total | 23 | 0 | 0 | 23 | 0 | 23 |
| Technical Cooperation Division | Professional and higher | 15 | 0 | 5 ^{6/} | 20 | 0 | 20 |
| | General Service | 7 | 0 | 0 | 7 | 0 | 7 |
| | Sub-Total | 22 | 0 | 5 | 27 | 0 | 27 |
| Administrative Division | Professional and higher | 25 | 10 | 0 | 35 | 0 | 35 |
| | General Service | 33 | 18 | 0 | 51 | 0 | 51 |
| | Sub-Total | 58 | 28 | 0 | 86 | 0 | 86 |
| Conference Division | Professional and higher | 39 | 0 | 0 | 39 | 0 | 39 |
| | General Service | 36 | 0 | 0 | 36 | 0 | 36 |
| | Sub-Total | 75 | 0 | 0 | 75 | 0 | 75 |
| TOTAL | Professional and higher | 148 | 10 | 5 | 163 | 16 | 179 |
| | General Service | 117 | 18 | 0 | 135 | 8 | 143 |
| | TOTAL | 265 | 28 | 5 | 298 | 24 | 322 |

1/ One Junior Professional Officer: JPO (Rep of Korea)

2/ Three JPOs/Secondees (Malaysia, Republic of Korea and Turkey); three Project Officers for Maritime Security Projects

3/ One General Service project assistant for Maritime Security Project

4/ Two JPOs/ (Japan(2));and seven Project Officers including three in Malta (REMPEC)

5/ Seven General Service project assistants including three in Malta (REMPEC)

6/ Five Experts for regional coordination (Ghana, Côte d'Ivoire, Kenya, the Philippines and the Caribbean)

* Subject to the final funding agreement with donors

APPENDIX 5

Budgets for the Organization's Funds

Table 1: Trading Fund (in £'000)

| Trading Fund | Approved Budget | | Proposal | | Biennial Total | |
|------------------------------|-----------------|---------------|---------------|---------------|----------------|---------------|
| | 2016 | 2017 | 2018 | 2019 | 2016-17 | 2018-19 |
| | (a) | (b) | (c) | (d) | (e=a+b) | (f=c+d) |
| Publishing income | 11,647 | 10,949 | 11,168 | 11,058 | 22,596 | 22,226 |
| Catering income | 587 | 700 | 600 | 687 | 1,287 | 1,287 |
| Miscellaneous income | 391 | 371 | 306 | 303 | 762 | 609 |
| Total Income (A) | 12,625 | 12,020 | 12,074 | 12,048 | 24,645 | 24,122 |
| Publishing expenditure | 4,710 | 4,716 | 5,086 | 5,195 | 9,426 | 10,281 |
| Catering expenditure | 1,273 | 1,351 | 1,490 | 1,534 | 2,624 | 3,024 |
| Total Expenditure (B) | 5,983 | 6,067 | 6,576 | 6,729 | 12,050 | 13,305 |
| Net surplus (C=A-B) | 6,642 | 5,953 | 5,498 | 5,319 | 12,595 | 10,817 |

Table 2: Headquarters Capital Fund (in £'000)

| | Approved Budget | | Proposed Budget | | Biennial Total | |
|---------------------|-----------------|--------------|-----------------|--------------|----------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2016-17 | 2018-19 |
| Building Management | 206 | 297 | 306 | 315 | 503 | 621 |
| Equipment | 27 | 20 | 20 | 20 | 47 | 40 |
| IT/IS Services | 470 | 470 | 468 | 482 | 940 | 950 |
| ERP Services | 497 | 392 | 350 | 350 | 889 | 700 |
| Total | 1,200 | 1,179 | 1,144 | 1,167 | 2,379 | 2,311 |

Table 3: Termination Benefit Fund (in £'000)

| | Approved Budget | | Proposed Budget | | Biennial Total | |
|--------------------------|-----------------|--------------|-----------------|------------|----------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2016-17 | 2018-19 |
| Termination/repatriation | 415 | 470 | 207 | 207 | 885 | 414 |
| ASHI | 589 | 618 | 623 | 623 | 1,207 | 1,246 |
| Temp. | 15 | 15 | 29 | 29 | 30 | 58 |
| Total | 1,019 | 1,103 | 859 | 859 | 2,122 | 1,718 |

Table 4: Training and Development Fund (in £'000)

| | Approved Budget | | Proposed Budget | | Biennial Total | |
|---------------------------|-----------------|------------|-----------------|------------|----------------|------------|
| | 2016 | 2017 | 2018 | 2019 | 2016-17 | 2018-19 |
| Performance/HR management | 70 | 71 | 70 | 70 | 141 | 140 |
| Language/IT training | 37 | 38 | 37 | 37 | 75 | 74 |
| Induction | 8 | 8 | 8 | 8 | 16 | 16 |
| Total | 115 | 117 | 115 | 115 | 232 | 230 |

Table 5: Technical Cooperation Fund (in £'000)

| | Approved* | | Proposed Budget * | | Biennial Total | |
|-------------------|--------------|--------------|-------------------|--------------|----------------|---------------|
| | 2016 | 2017 | 2018 | 2019 | 2016-17 | 2018-19 |
| Africa | 1,287 | 1,213 | 1,287 | 1,213 | 2,500 | 2,500 |
| Arab States | 360 | 340 | 360 | 340 | 700 | 700 |
| Asia | 460 | 430 | 460 | 430 | 890 | 890 |
| Pacific Islands | 210 | 200 | 210 | 200 | 410 | 410 |
| Eastern Europe | 69 | 65 | 69 | 65 | 134 | 134 |
| Latin America | 377 | 356 | 377 | 356 | 733 | 733 |
| Caribbean | 343 | 323 | 343 | 323 | 666 | 666 |
| Global programmes | 2,044 | 1,923 | 2,044 | 1,923 | 3,967 | 3,967 |
| Total | 5,150 | 4,850 | 5,150 | 4,850 | 10,000 | 10,000 |

**The exchange rates used here to convert the ITCP financed from the TC Fund is \$1.50 for the 2016-2017 biennium (\$15.5m) and \$1.30 for the 2018-2019 biennium (\$13m).*

ANNEX 2

DRAFT ASSEMBLY RESOLUTION

**REVISION OF THE ORGANIZATION'S FINANCIAL REGULATIONS
(effective 1 January 2018)**

THE ASSEMBLY,

RECALLING that the Organization's Financial Regulations provide a framework for the financial control and reporting of the Organization's financial resources,

MINDFUL OF the provision of article XIV of the Organization's Financial Regulations, which requires that amendments to the said Regulations should be approved by the Assembly,

HAVING CONSIDERED the recommendations of the Council at its 118th session that the Organization's Strategic Plan be reformed,

HAVING FURTHER CONSIDERED the recommendations of the Council at its twenty-ninth extraordinary session that the revised Strategic Plan for the period 2018-2023 be adopted by means of resolution A.10xx(30),

RECOGNIZING that amendment of the Regulations is required in order to align the terminology of the Financial Regulations with that of the revised Strategic Plan:

1 APPROVES the revised financial regulations 3.4, 3.6 and 4.5 set out in the Annex to this resolution; and RESOLVES that they shall take effect as from 1 January 2018; and

2 REQUESTS the Secretary-General to ensure the effective implementation and application of the Organization's Financial Regulations, as revised.

ANNEX

**AMENDMENTS TO THE ORGANIZATION'S
FINANCIAL REGULATIONS AND FINANCIAL RULES**

Article III

THE BUDGET

REGULATION 3.4 The Secretary-General shall submit, in the second year of the biennium, an outline of the budgetary implications of the projected 'List of outputs', to be annexed to the Strategic Plan for the following biennium, to the regular session of the Council prior to the regular session of the Assembly.

REGULATION 3.6 The Assembly shall, in the second year of a biennium, adopt the budget for the ensuing biennium, and vote the budget appropriations by Strategic Direction (including "Other work") and in total for the financial period to which they relate.

Article IV

APPROPRIATIONS

REGULATION 4.5 The Secretary-General may make transfers between Strategic Directions (including "Other work") provided that the transfer made is not more than 10% of the lower of the two approved appropriations. Transfers of more than 10% of the approved appropriation must have prior authorization of the Council. The Secretary-General may proceed, without prior concurrence of the Council, to transfer up to 50% of any uncommitted balance of appropriations of the first financial period of a biennium to the same Strategic Direction in the second financial period. Transfers above 50% of uncommitted balance of appropriations shall be effected with the prior approval of the Council.